

HOUSING

OVERVIEW

The population growth over the past few decades has created an active housing market with both benefits and challenges. The focus of this Chapter will be on ensuring the City is positioned to for a diverse range of housing options. A mixture of housing, costs, unit types, and neighborhood settings is important to meet the needs and preferences of all residents.

HOUSING TRENDS

The 2008 financial crises impacted the national housing market, where the City saw a significant downfall in building permits until 2011. Since then the housing market has not recovered to the levels seen during the early 2000's. Investment and development continues to be directed to the City by several conditions; restrictive land use policies in counties located closer to the region's urban centers; the lure of the City's historic downtown and desirable neighborhoods; and a generally more affordable housing stock than other Washington D.C. suburbs. The City continues to follow the Smart Growth model by accommodating much of its new housing demand in areas that are already developed or planned for development.

Housing growth in the City accelerated during the 1990s. Throughout the 1980s, the City gained 500 to 600 new housing units per year; by 2000, that figure had jumped to 945 units. Growth significantly slowed in 2008, however, housing construction has rebounded in recent years. The Metropolitan Washington Council of Governments (MWCOG) estimates that population will grow by 1.8% per year until 2030, bringing the total to 89,600 (in 35,200 households), before slowing to 0.3% per year until 2045, when the City will be home to 93,100 people (in 36,700 households).

Up until 2008, the City of Frederick 10-year average for building permit issuance remained consistent. From 2008 until 2011 however, the number fell dramatically. The average from 2008 through 2011 was only 138

permits. Since 2011, the numbers have increased to 466 units per year, but have not returned to pre-2008 levels.

1980-1989	532 building permits per year
1990-1999	550 building permits per year
2000-2009	404 building permits per year
2010-Present	387 building permits per year

[Use data to create a graph]

One of the goals of the last several comprehensive plans has been to achieve an even distribution of housing unit types within the City. Although an even distribution of housing is healthy in most suburban communities, infill and dense development as described in the Land Use, Transportation, and other chapters will result in more townhomes and multifamily units which may lead to more compact walkable environments. To date, the City has been successful in distributing units evenly. Between 2000 and 2018, the number of residential building permits issued was evenly distributed by housing unit type among single family (31%), townhouse (31%), and multifamily (38%). Frederick County's distribution of units in 2019 was 43% single family, 35% townhouse, and 22% multifamily units.

The City currently has 7,733 dwelling units with development approval that have not been issued a building permit (Master Plan, Preliminary Plat or Site Plan), distributed among 39 different projects. This is up from 2010 where approximately 3,500 dwelling units had development approval without issuance of a building permit distributed among 27 different projects. The projects range from large developments with over 500 units (Bloomfields, Kellerton, Renn, Tuscarora Creek, Waverly View and Wormans Mill) to smaller developments with fewer than 100 units. In comparison with 2018 Metropolitan Washington Council of Government's (MWCOC) data indicating that the City will need approximately 5,800 units to meet housing demand, the City seems well-poised to handle the influx of new residents.

HOUSING GROWTH, AFFORDABILITY, AND PRESERVATION

Despite the increase in residential construction activity in recent years, the demand continues to make housing less affordable to low- to moderate-income households. In addition, the reduced availability of new multi-family units in Frederick means that fewer moderate-income families can afford to live within the city. It should be noted that an increase in multi-family projects including those receiving Federal Low-Income Housing Tax Credits (LIHTC) has provided more options to qualified low- to moderate-income families.

According to the questionnaire that was given to residents earlier in the comprehensive plan process, coupled with national trends, the most pressing housing-related issues increasingly revolve around affordable housing. Specific concern was expressed for the need to encourage housing that is affordable for the residents who wish to both live and work in the City. In 2008, the City adopted the Moderately Priced Dwelling Unit ordinance to provide for more affordable housing choices. This ordinance requires new developments to provide a mixture of affordable units or pay a fee in lieu of constructing the units. To date, most new developments have exercised the right to pay the fee in lieu. Historically, this money has been allocated and used by the Frederick Community Action Agency, a summary of the spending is contained in the table 9-1.

[Insert 2018 MPDU Expenditure Table]

According to the U.S. Department of Housing and Urban Development (HUD), in 2018 about 44% of the renter households in Frederick spent more than 35% of their monthly income. This has increased from 29% in the year 2000. This high percentage of cost-burdened households is one sign that rental housing costs are continuing to stretch the budgets of many households.

[Insert 2018 Census Occupied Renters percentage of monthly income Table]

Closely related to the type of homes being built in the City is the cost of those homes. Trends in recent years have shown a rapid appreciation of housing prices in the City; prices for comparable residential units increased by 7% per year during the 1990s, and by more than 10% per year since 2000. For example, a home valued at \$185,000 in the mid-1990s was worth as much as \$260,000 in 1999 and up to \$331,000 in 2006 but fell dramatically during the recession. 2008 saw the median price fall to \$270,000 range. Post-recession housing prices have steadily increased. Per Bright Multiple Listing Service (MLS), the average sales price for a home in Frederick County from May 2019 to October 2019 was \$349,520.

Within the DC region, MWCOG has established three regional housing targets to address the amount of housing, affordability, and accessibility. MWCOG data indicates that regional housing targets must increase significantly in order to not only provide needed housing but to ensure that housing is affordable to residents. Regionally, 320,000 new housing units should be added to the region between 2020 and 2030, which is an additional 75,000 units beyond what was already forecasted (245,000). Of these new units, at least 75% of new housing should be affordable to low and middle income households. Also, at least 75% of all new housing should be in activity centers or near high-capacity transit centers in order to increase accessibility and reduce vehicular traffic. The City and Frederick County are identified as activity centers within the DC region.

~~In its 2020 Session, the Maryland General Assembly introduced a bill (HB1406) requiring the Department of Housing and Community Development (DHCD) to develop a model "middle housing" ordinance by October 1, 2022. Local governments will be required to allow the development of a "triplex" on each lot or parcel zoned for residential use in qualifying census tracts (which are jobs rich, transit rich, or high-opportunity tracts) that allow for the development of detached single-family dwellings. These tracts are further defined in the bill. Local governments must adopt land use regulations or amend their comprehensive plans to carry out the bill's provisions. They must also consider ways to increase the affordability of middle housing and may not impose onerous regulations that would preclude middle housing options.~~

~~The allowance of triplexes must also not result in the net loss of naturally occurring affordable housing. The City's land development ordinance (LMC) currently does not provide for the allowance of triplexes; therefore, regulations governing the location, bulk and density requirements will need to be established. [BUMP OUT TEXT]~~

~~In its 2020 Session, the Maryland General Assembly introduced and passed House Bill 1045 requiring local jurisdictions to address the need for affordable housing, including workforce housing and low-income housing into the housing element of the Comprehensive Plan. The goals and implementation strategies of this plan align with the policies of HB 1045 which is to promote housing opportunities for a variety of housing types for current and future City residents of all income levels. The definitions of income levels can be found in Chapter 14 of this plan but should be monitored on an annual basis to ensure accuracy.~~

The policies in this chapter are designed to continue the provision of a wide variety of housing options that are dispersed throughout the City. The Comprehensive Plan also encourages coordination of new residential development with other elements that help to bridge the gap between "housing units" and "community". These other elements include neighborhood amenities, multi-modal transportation options, employment growth, and infrastructure improvements.

In addition to accommodating affordable residential growth and amenities, this chapter addresses the preservation of existing housing stock. This will be especially crucial in the historic downtown and surrounding neighborhoods. The City's oldest housing stock is located within its core, and this stock is valuable specifically because of its historic nature.

Lastly, policies need to incentivize the inclusion of affordable housing through the incorporation of density bonuses, adjustment of development fees, and allowance of other housing types such as triplexes and

accessory dwelling units on lots to encourage a diverse housing stock that is affordable and accessible to all.

HOUSING ASSISTANCE AND IMPROVEMENT PROGRAMS

The City receives an annual Community Development Block Grant (CDBG) allocation from the U.S. Department of Housing and Urban Development (HUD) to assist low- and moderate-income households and neighborhoods. The Community Development Division administers the City's CDBG Program.

The funds are used to provide homeownership opportunities, housing rehabilitation services, and support for various service organizations.

These programs are useful in improving the appearance and stability of the City's older neighborhoods and the Historic District. The programs provide opportunities for homeowners (existing and prospective) and renters to improve their quality of life and the physical and social conditions of their neighborhoods. Thus, there are several policies in this element that support the implementation of these programs. These programs are described as follows:

HOMEOWNERSHIP ASSISTANCE PROGRAM

The City provides second mortgage loans of up to \$15,000 to eligible first-time homebuyers for the purchase of owner-occupied dwellings within the City limits.

OPERATION REHAB - SINGLE-FAMILY REHABILITATION PROGRAM

The City can assist qualified low-income homeowners with loans for rehabilitation using CDBG funds and/or the Maryland Department of Housing and Community Development (DHCD) Single Family Rehabilitation Loan Programs. Typical rehabilitation jobs include upgrades to substandard systems such as electrical, plumbing, and heating, as well as structural repairs such as roofs, gutters, and downspouts, and interior and exterior painting (especially lead hazard reduction work). Additionally, the City can purchase dilapidated properties, rehabilitate them and sell them to income eligible applicants. This program is

available Citywide and there are no application fees. Generally, cosmetic work and remodeling are not included.

COMMUNITY PARTNERSHIPS

CDBG funds are also used by organizations (generally non-profits such as the Frederick Community Action Agency) working in the areas of social improvement, affordable housing, and neighborhood redevelopment.

SENIOR HOUSING

The population of US residents over 65 years of age is growing at a high rate. In 2018, the US Census Bureau reported that with the aging baby boomer generation, 65 plus population is projected to outnumber children for the first time in US History. By 2034, population over the age of 65 will outnumber children under the age of 18. Demographic trends in the City are consistent with this increase and the demand for age restricted housing reflects the need for housing for the growing population.

[Insert US Census Bureau Statistics:

<https://www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html>]

The typical elderly household consists of an elderly person living alone. The implications of this trend for the City's ability to meet senior housing needs are critical. In response to this phenomenon, policies in the Housing Chapter identify a range of housing options and programs for the aging population. These policies are not only necessarily related to encouraging the development of traditional assisted living or independent living facilities but also more to providing accessible home designs that are adaptable to the needs of an aging population-(ex. garden homes and two-story homes with first-floor bedrooms, as well as condominiums). Additionally, allowing the development of Accessory Dwelling Units for senior citizen use should be considered. Housing units adaptable to aging population should be encouraged in areas of services, such as public transportation, medical offices and shopping areas.

HOUSING POLICIES AND IMPLEMENTATION

HO Policy 1

Promote opportunities for a variety of housing types for current and future City residents of all income levels.

IMPLEMENTATION

1. Facilitate housing production by improving the predictability in the infill, redevelopment, adaptive reuse, annexation, planning, and permitting process.
2. 2. Conduct and maintain a comprehensive Housing Study/ Needs Analysis to provide data that can guide public policy decisions and identify proposed action items that can be implemented to promote the appropriate blend of housing opportunities throughout the City including affordable Workforce Housing. Provide a measured assessment of housing supply, present and future, unmet housing demand across various demographic categories and provide a comprehensive understanding of short-to-longer term housing supply and demand. Provide community specific housing priorities, policy alternatives, and intervention strategies.
3. Promote the production of a range of housing types in all parts of the City.
34. The City's Housing and Human Services should increase marketing and methods to raise awareness about the City housing programs.
45. Create incentives for master-planned developments to include affordable and senior housing units, and better promote MPDU opportunity zones.

HO Policy 2

Promote the development of housing with costs that reflect the range of incomes generated within the City.

IMPLEMENTATION

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1. Support the continuation and improvement of the City's Moderately Priced Dwelling Unit ordinance through modifications to the Land Management Code.
2. Encourage flexible zoning techniques so that housing, including affordable housing can be developed in areas not traditionally zoned residential.
3. Leverage Moderately Price Dwelling Unit Payment in Lieu of construction funds and CDBG funds to assist LIHTC housing developers with low interest financing to encourage the construction of additional affordable housing units.
4. Explore other options and incentives to produce more modestly-priced units. These options could include but are not limited to priority review and permit processing, fee exemptions, and property tax deferral, and payment in lieu of taxes (PILOT).
5. Use community partnerships involving non-profit housing and social service agencies to increase homeownership opportunities for low-income households.
6. Explore ways to better utilize the CDBG program to provide more affordable housing.
7. Coordinate with local nonprofit organizations to explore the creation of an affordable housing land trust to provide housing to low- and moderate-income families.
8. Work with non-profit agencies and community-based organizations to strengthen the City's housing counseling program to provide pre- and post-purchase counseling for low-and moderate-income first-time homebuyers.

9. Continue to support the City's mortgage buy-down program provide more affordable housing options for homebuyers.
10. Where appropriate, the City will explore methods of disposing of excess properties for affordable housing or other economic development initiatives.

HO Policy 3

Improve the availability of housing for the elderly and individuals with disabilities, as well as shelter for the homeless.

IMPLEMENTATION

1. Provide for special needs services such as residential-care facilities, shelters, and group homes throughout the City.
2. Increase the availability of senior housing in areas near transit and amenities to reduce the need to drive and to provide for a more active lifestyle.
3. Allow higher residential densities in moderate density multi-family zones for housing limited to occupancy by elderly or disabled households, based on the lower levels of peak period vehicle trips and reduced parking needs for these households.
4. Encourage builders to build "adaptable" homes – those homes with features that could be adapted to accommodate people of all ages and abilities, through zoning or building code requirements and providing incentives for including adaptable units.

HO Policy 4

Enhance multi-modal transportation options for neighborhoods and promote higher density housing near transportation hubs.

IMPLEMENTATION

1. Promote higher density residential and pedestrian-friendly development within walking distance, one quarter of a mile from existing and planned public transit hubs.
2. Work with the County TransIT and other partners to prioritize transit for underserved neighborhoods.
3. Facilitate the construction of bikeways and pedestrian paths within and between neighborhoods to increase connectivity.
4. Allocate resources to complete the shared use path to provide meaningful connections throughout the City.
5. Promote new housing development near employment centers to reduce regional commuting.
6. Develop a policy for Transit-Oriented Development (TOD) in conjunction with other transportation and land use policies.

HO Policy 5

Encourage the development of compact residential neighborhoods.

IMPLEMENTATION

1. Promote a higher residential density in areas closer to the city center and surrounding transit hubs.
2. Promote and incentivize infill development and redevelopment that is compatible with surrounding land uses.
3. Promote and incentivize the adaptive reuse of existing buildings for mixed use projects.

HO Policy 6

Support diverse residential development in the City.

IMPLEMENTATION

1. Through increased density and flexible development regulations, encourage new residential units within the Downtown.
2. Allow flexibility in providing accessory dwelling units in compatible districts that currently do not permit such units.
 - a. Consider eliminating or reducing impact fees on affordable dwelling units.
3. Incentivize the rehabilitation of upper-floor space in commercial zones to increase the number of residential-above-commercial units.
4. Allow flexibility for neighborhood-serving retail uses such as grocery and drug stores within walking distance of residents.
5. Promote HUD's Low-Income Housing Tax Credits and other programs to encourage affordable housing projects.
6. Allow flexibility for appropriate commercial uses and home occupations within residential neighborhoods.
7. Incorporate triplexes in qualifying census tracts to provide for another affordable housing type as mandated by the Maryland General Assembly.

HO Policy 7

Work closely with Frederick County and State of Maryland efforts to ensure a balanced regional housing approach.

IMPLEMENTATION

1. Collaborate with Frederick County to facilitate the development of a wide range of housing options in the County and the City.

2. Participate with other jurisdictions within the metropolitan Washington region to address housing needs and concerns.

HO Policy 8

Work closely with other agencies to monitor progress on toward achieving the policies of this chapter.

IMPLEMENTATION

1. Work with the Housing Department to coordinate the City's Housing Policies and efforts.
2. Evaluate the need for a housing committee to collect and maintain housing data and to promote housing policies adopted by the City.

HO Policy 9

Actively incorporate the considerations of underrepresented communities and low-income residents communities in housing development and planning decision-making.

IMPLEMENTATION

1. Coordinate with community groups active among minority communities and with low-income residents for public outreach to elevate and include those voices in public discourse and decision-making.
2. Actively recruit underrepresented populations to advisory boards, committees, and other volunteer positions.
3. Work with state and federal officials to combat housing discrimination.
4. Commission a comprehensive anti-racism plan with:
 - a. Recommendations for housing policy.

- b. An examination of the role of redlining, restrictive covenants, and other forms of housing discrimination in the character and growth of Frederick.